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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
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TO FARM JOURNAL EDITORS:

The following information is for your use.

DeWitt C. Wing and Francis A. Flood

DeWitt C. Wing and Francis A. Flood,
Specialists in Information.

CORN-HOG PRODUCERS SIGNING APPLICATIONS FOR CONTRACTS

Signing applications for the 1935 corn-hog adjustment contract is under way in a number of leading corn and hog States and probably will be near completion by the end of February, it is announced by A. G. Black, Chief of the Corn and Hogs Section of the Agricultural Adjustment Administration.

Telegraphic reports from some of the States as of the week ending January 19 are as follows:

Alabama--Corn-hog contract signing will begin February 10 to 15.

Arkansas--Corn-hog program education work under way now. Sign-up ready to begin in a few days.

Georgia-- Contract signing in February.

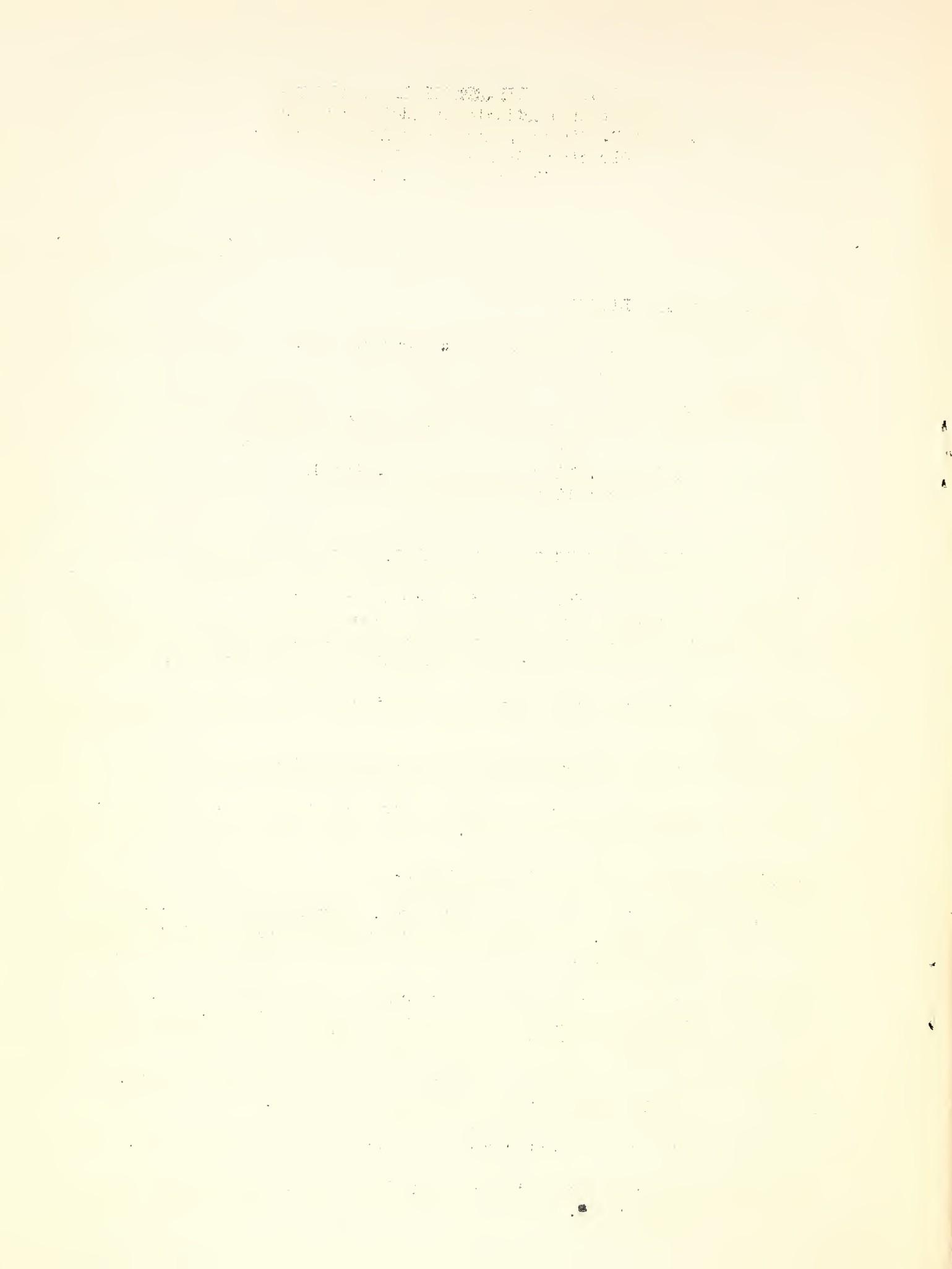
Illinois--Educational meetings under way. Several counties starting next week. Sign-up meetings should be well started by middle of February.

Iowa--Will complete county training schools before February 1. Township educational meetings have started. Some counties will be ready to start signing applications next week.

Kansas--County and Community schools being held throughout State.
Signing applications to begin January 28.

Kentucky--Propose to start corn-hog contract signing February 1.

Minnesota--Educational meetings start January 21. Sign-up will begin February 15.



Missouri--Expect application signing to start January 21, and contract signing probably February 15.

Nebraska--Holding district meetings this week. Educational meetings next week. Start contract signing February 1.

North Carolina--Regional meeting next week. County educational meetings begin the week following. Will start taking applications early in February.

Ohio--Some contract signing last of next week. Some following week. Heaviest signing after February 1.

Oklahoma--Sign-up in about 20 counties will start last week in January. Seventy county schools of instruction being held January 14 to February 2.

South Dakota--Educational meetings already started. Application signing begins about February 1.

Tennessee-- Corn-hog applications are now being signed. Anticipate contracts will be signed beginning week of February 4.

Texas--Sign-up started January 15.

Wisconsin--Expect to start corn-hog sign-up about February 18, county educational meetings and training schools week of February 10.

The first step in conducting the 1935 corn-hog program among producers is the holding of educational meetings at which the new contract is explained. Then follows the signing of applications for the contract. These applications will be signed by producers either at the local educational meetings or on specified dates following the educational meetings.

The local corn-hog committees will sort the applications into three groups, according to the status of the applicant: (1) The first and largest group will be composed of applications from farmers who signed the 1934 contract and whose corn and hog bases in 1935 will be the same as in 1934. (2) The second group will include applications from both old and new signers whose corn base only must be computed or determined. (3) The third group will include applications from both old and new signers whose hog base must be computed or redetermined by the local committeemen.

In the case of applications in the first group, the production data of an individual producer can be transferred from the old contract to the new contract with the minimum of delay. Then the contract itself will be ready for presenting to the producer for his signature of acceptance.

Only one signature of the producer will be required on the contract in 1935.

It is hoped that under the new procedure the 1935 contracts of last year's signers can be forwarded for payment within a comparatively short time after the signing of applications has been completed. In 1934 the acceptance and payment of

most contracts was delayed a number of months by the necessary adjustment of production data and the obtaining of second signatures.

While contracts of producers included in the first group are going forward, individual allotments for producers classified in the second and third groups will be prepared. The individual production allotments in these latter groups will be determined by local committeemen from the producer's figures and other data.

Under the 1935 contract the individual producer agrees to hold both his corn acreage and his market hog production not less than 10 percent under the 1932-1933 average. The new maximum of 90 percent of the base production represents an increase of about one-eighth over 1934 in the case of corn acreage and an increase of about one-fifth over 1934 in the case of hogs. In 1934 the individual producer was asked to hold corn acreage at least 20 percent under the 1932-1933 average and to hold market hog production 25 percent under the two-year average. At average yields, the new corn acreage maximum will provide an adequate margin of about 250,000,000 bushels of corn for rebuilding reserves.

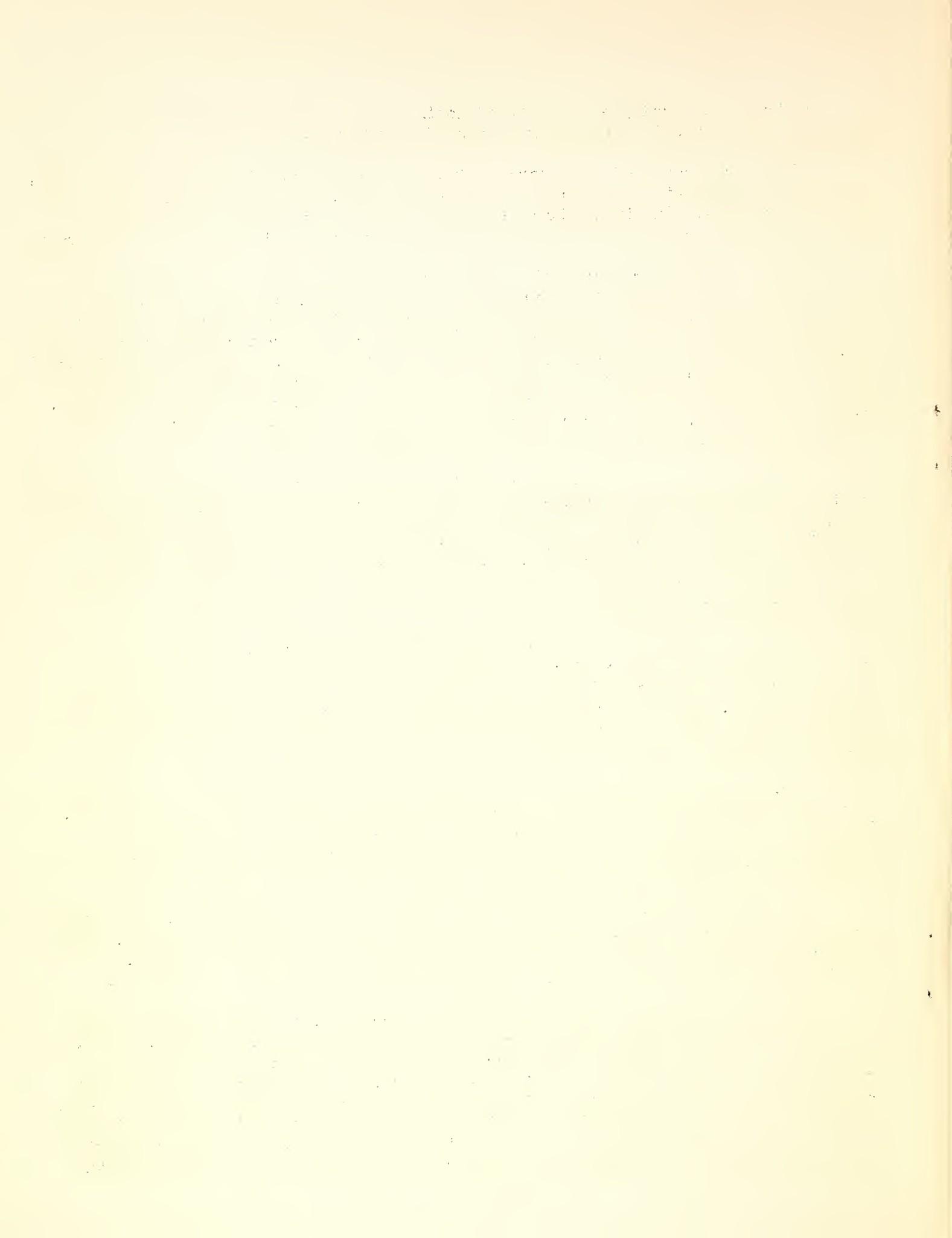
For maintaining corn acreage and hog production within the limits of the contract, the cooperating producer in 1935 will receive a hog adjustment payment at the rate of \$15 a head on the number of hogs represented by the 10 percent of adjustment and a corn payment at the rate of 35 cents a bushel of yield estimated for the acres shifted from corn production. The cooperating producer will be granted unrestricted use of all land, not in corn, including the acres shifted from corn production.

The first adjustment payments under the 1935 contract, consisting of 15 cents a bushel in the case of corn and \$7.50 a head in the case of hogs will be made as soon as practicable after the contracts are accepted by the Secretary of Agriculture. The second and final instalment of payments, less the producer's pro rata share of the local administrative expenses, will be due on or about January 1, 1936.

Mr. Black, who has just returned from a series of conferences with State corn-hog workers in the middlewest, reports strong interest in the new program. "Judging by local forecasts," he said, "the sign-up this year should not be greatly different from last year. Some States feel confident that there may be an increase in percentage of production represented by the contract signers."

Telegraphic reports from States also bear out this indication. The lowest estimates indicate a sign-up between 80 and 90 percent of the 1934 figure. The higher estimates indicate a gain of 5 to 10 percent in number of signers. In the Southern States, particularly, a gain in number of signers is expected.

"If these forecasts should prove to be accurate, the 1935 program should be fully effective in holding production in line with demand," said Mr. Black. "This is significant because full success of the 1935 program depends upon the cooperation of a clear majority of all producers. In consideration of drought conditions and the desirability of simplifying and reducing administrative work, the new contract was formulated with the lowest practicable minimum in adjustment requirements and the maximum in flexibility of provisions. If a clear majority does not participate, a burdensome surplus of corn might easily result and the



swing back to heavy hog production would get under way. Then the corn-hog industry as a whole would lose much of the ground gained thus far under the Agricultural Adjustment Act."

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HEARING ON PROPOSED MOLASSES CONSERVATION PROGRAM

Secretary of Agriculture Henry A. Wallace has issued a notice of a public hearing, to be held in the South Building, Department of Agriculture, Washington, D. C., Wednesday, January 23, at which will be considered a proposed contract for the movement of molasses from Puerto Rico into the United States for emergency livestock feed.

The proposed contract provides for the collection and transportation of molasses produced from the surplus sugar cane in Puerto Rico, and the distribution of such molasses for livestock feed in the continental United States. All financing of such operations, under the contract, would be done by the contracting company, which will also provide immediate stocks of 10,000,000 gallons of molasses to the Secretary of Agriculture for immediate distribution.

Approximately 50,000,000 gallons of molasses to be processed from Puerto Rican surplus cane will be used to augment the supplies of livestock feed in drought states, according to plans being developed by the Agricultural Adjustment Administration.

Plans to utilize the Puerto Rican cane are the initial step in programs which may be extended to include the shipment of additional molasses from the Philippine Islands, if needed to meet the emergency. With corn, hay and other feed supplies materially less than normal requirements, on account of the 1934 drought, the program of the Agricultural Adjustment Administration to supplement existing supplies will tend to offset current shortages.

The molasses is to be purchased in Puerto Rico and distributed in the United States under the direction of the Secretary of Agriculture. Negotiations have been under way to complete a contract with groups which will handle the distribution of the molasses under the supervision of the Agricultural Adjustment Administration. Details of the plan of distribution are expected to be announced within a few days.

Existing commercial agencies will be utilized, so far as possible, in the distribution of the molasses to drought areas. The use of molasses by farmers would be largely in conjunction with other available feeds. Mixed with other feeds, molasses is of known high nutritive value. It is generally used by sprinkling over forages. Extensive feeding experiments have demonstrated that molasses of this type, which is similar to blackstrap, possesses a feeding value almost equal to that of corn, pound for pound, according to H. J. Gramlich of the University of Nebraska, who is acting as special advisor on feed problems to the Agricultural Adjustment Administration. Molasses can be used as part of the ration for all types of livestock, and can be used to especially good advantage as a conditioner in getting horses ready for spring work.

In addition to providing a source for needed feed supplies for drought areas, the first step of the plan, as announced today, also will make it possible to utilize the entire current crop of Puerto Rican sugarcane without destroying any of the cane. At the same time, it will be possible for producers of the Island to reduce their production of sugar in conformity with the provisions of the Jones-Costigan Sugar Act. Under this plan 1935 sugar production for the Island, estimated at 1,000,000 tons, will be held to approximately 744,000 tons.

Under an adjustment benefit contract to be offered to them, Puerto Rican sugar mills will modify the process of making sugar, so that, for the purpose of grinding all available cane, to obtain the necessary quota sugar and surplus molasses, less sugar and more molasses will be processed from a given amount of sugarcane. In this way more employment will be furnished for local labor in handling the entire crop, but without a surplus of sugar being produced. Processing all of the crop and keeping records of the cane processed will simplify the method of determining adjustment payments of \$4 a ton to growers for the excess cane which is not to be made into sugar.

The surplus cane is to be made into molasses under the adjustment benefit contract, to be administered by the Sugar Section of the Adjustment Administration. This part of the program was developed in tentative form last week after a series of conferences were held in Puerto Rico by John E. Dalton, chief of the Sugar Section, with representatives of growers and processors in the Island.

The molasses made from surplus sugarcane is in addition to the normal amount of molasses resulting from the production of sugar, Mr. Dalton pointed out. This normal output of molasses may be disposed of by the mills according to their usual marketing practices, as the present program applies only to molasses made from surplus cane.

The detailed points of the program, as they apply to the Puerto Rican sugar mills which are now grinding cane from the current crop and whose operations have been curtailed, pending final decision on the program, were outlined by Mr. Dalton as follows:

1. Each mill pursuant to the provisions of the proposed adjustment benefit contract will agree to grind all of the sugarcane grown by it and by the colonos served by that mill.

2. At the same time each mill, by adjusting the extraction ratio so as to produce less sugar and more molasses, is to produce sugar in amounts equal to the production allotments for 1935 made to each producer of sugarcane. Appropriate records of the manufacture of sugar and molasses are to be kept by the mills.

3. Disposal of that amount of molasses produced by the mills in processing quota sugar at the normal rate of extraction is to be in accordance with their usual marketing practices. Records are to be kept by the mills of the disposition of all such normal molasses.

4. Molasses produced by each mill in excess of normal amount, due to the modification this year in its extraction ratio, and the processing of surplus cane, is to be disposed of by the mills to an agent of the Secretary of Agriculture. The mills are to receive 5 cents a gallon f.o.b. Island ports for the processing of such surplus molasses.

POTATO GROWERS WANT "BASIC" DESIGNATION AND CROP CONTROL

The designation of potatoes as a basic commodity under the Agricultural Adjustment Act and the enactment of control legislation for that crop similar to the Kerr-Smith Act for tobacco were recommended by representatives of 11 potato-growing states at a meeting held January 18 at the Department of Agriculture in Washington.

Representatives of four states voted present, pending further study of the plan, and representative of one state voted against the action. State delegations favoring the action were Maine, North Carolina, Virginia, Maryland, New Jersey, South Carolina, Ohio, Kansas, Alabama, Michigan, and Louisiana.

The Connecticut representative voted against the proposal.

Not voting were representatives of Minnesota, North Dakota, New York, and Florida.

The meeting was called by the South Atlantic States Potato Program Development Committee, and was presided over by B. D. Ayres of Accomac, Va., chairman of the committee. Representation of other States was arranged by the Directors of Extension in the respective states.

Three possible approaches to the problem of making the Agricultural Adjustment Act applicable to potatoes were outlined at the meeting this morning by E. W. Braun of the General Crops section of the Adjustment Administration. These included extension of the marketing agreement principle; a control program, with potatoes as a basic commodity, involving processing taxes and benefit payments; and a program similar to that recommended in the vote today.

"The Agricultural Adjustment Administration is ready to cooperate in the formulation and administration of any program upon which a majority of producers can agree," said Chester C. Davis, Administrator of the Agricultural Adjustment Act. He emphasized that because of the peculiar problems connected with potatoes, the Adjustment Act would need to be amended in order to make a potato program possible.

Representative L. C. Warren of North Carolina outlined the type of potato production control plan which growers in the Carolinas and Virginia favored as a national program. This plan, based on the Kerr-Smith tobacco plan, would have potatoes made a basic commodity, but would not include processing taxes and benefit payments. The program should be undertaken only after a majority of growers have approved of it, Representative Warren said, but, after it was approved by a majority, it should be safeguarded, so that those outside the plan could not use it to the disadvantage of those cooperating.

The proposed plan would provide for a penalty provision to apply automatically if a producer grew more than his allotment; and if a producer failed to make his allotment, the funds from penalties for excess production would act as crop insurance for those producers who failed to make their allotment. Special provisions should be made to make the plan equitable for small growers, and an absolute exemption should be made of potatoes grown for their own use, he stated.

A majority of those speaking at the morning session pledged their cooperation to the program outlined, or a similar program which might be worked out which promised aid to potato growers. E. M. Gillig, state seed commissioner of North Dakota, Ole Flaat of East Grand Forks, Minnesota, and Fred P. Hibst, manager of the Michigan Potato Growers' Exchange expressed opinions that more time should be allowed for representatives of western areas to become familiar with the proposed program.

Among those assuring their cooperation in the working out of a program were: Governor Louis J. Brann of Maine; Senators White and Hale of Maine; Senator Borah of Idaho; Representative Bland of Virginia; Representative Lambertson of Kansas; Representatives Moran, Brewster and Hamlin of Maine; Representatives Hull, Voileau, Withrow and Gehrman of Wisconsin; Representative Barden of North Carolina; and Representative Crawford of Michigan. Representatives White and Clark of Idaho, Representative Coffee of Nebraska and Representative Darden of Virginia were also present.

Governor Brann described the plight of potato growers in Aroostook county, Maine, and said that growers there were ready to cooperate. Maine's cooperation was also pledged by Frank B. Washburn, commissioner of agriculture of that state. Senator Borah said that his state was deeply interested in the proposed potato program and that he would endeavor to cooperate in a program that would advance the welfare of producers.

In outlining possible methods of making the Act effective for potatoes, Mr. Braun, who with H. A. Richardson of the Adjustment Administration, had prepared an analysis of the methods for presentation to the meeting, pointed out that almost any plan would need to provide for allotments of some sort.

The present marketing agreement powers do not provide for making production allotments to individual growers. Special difficulties presented in preparing a program for potatoes arise from the fact that potatoes are widely produced on small plots, there being nearly 3 million producers with the average of about an acre each.

Declaring potatoes a basic commodity would also require some definition of processing, he said, as potatoes enter no such definite processing operations as do wheat, cotton and other commodities. Finally, Mr. Braun said, as potatoes are sold in many different channels and many are trucked to market, this would increase the difficulties of administering a program.

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NEW YORK GROUP CONFERS WITH AAA ON MILK MARKETING PLAN

A committee of six persons named by the New York Milk Shed Conference was in consultation January 17 with members of the Dairy Section of the Agricultural Adjustment Administration relative to means and methods of enlisting the aid of the Agricultural Adjustment Administration in working out a practical milk marketing plan for the Greater New York City area.

Those present at the conference with A. H. Lauterbach and others of the Dairy Section were: Chairman A. G. Waldo, Canastota; Edward F. Brown, executive secretary, New York City; Dr. Shirley W. Wynne, President of the New York-New Jersey

Milk Institute; J. A. Coulter, treasurer of the Dairymen's League Cooperative Association, Inc.; L. A. Chapin of the Dairymen's League, and C. W. Larsen, Buffalo, representing up-state New York milk distributors.

The group announced that an agreement has been drafted which is acceptable to all groups except the Sheffield Producers' Cooperative Association, and with the refusal of this one group to join in ratifying the proposed agreement the matter has been referred to the Federal Government for further study.

The New York Milk Shed Conference consists of representatives of general farm organizations, State agricultural colleges, milk control boards and distributors' and producers' organizations. Their intention is to find ways, if possible, to stabilize milk marketing conditions in the New York-New Jersey metropolitan milk shed.

The conference has been developing the question of an agreement since early in October, when the organization was launched. A milk industry board would assist in the administration of the agreement, to include in its membership representatives of the Federal Government named by the Secretary of Agriculture, as well as representatives of interested State Milk Control Boards, producers and dealers.

No announcement as to the attitude of the Agricultural Adjustment Administration toward the proposed agreement has yet been made, although it has been repeatedly stated that the Administration was ready at all times to do what it could to help adjust the critical situation when the respective groups and State agencies were ready to join in a practical plan.

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CLASS 1 PRICE INCREASED IN CHICAGO MILK LICENSE

Changes in the Chicago milk license that involve an increase in the Class 1 price for 3.5 percent milk delivered at country stations within the 70-mile zone from \$2 to \$2.20 per 100 pounds, a modification in the distributors' requirements for the purchase of cream from producers with established bases, and authority for the market administrator to disclose names of violators of the license and to settle and compromise outstanding obligations of distributors, are embodied in an amendment to the Chicago milk license. The license was approved by the Agricultural Adjustment Administration and signed January 16 by Secreatry Wallace. It went into effect January 17.

Sharp advances in the price of butter and other competing manufactured dairy products, coupled with a decrease in the volume of milk delivered by producers were advanced as justification for the requested advance in Class 1 price. The amendment price of \$2.20 per 100 pounds is equivalent to about 4.7 cents a quart at country receiving stations. This makes the average cost of milk laid down in Chicago about \$2.55 per 100 pounds. The price of 92-score creamery butter has advanced from 25.9 cents a pound in October to 32.25 cents a pound in January, 1935. The market administrator has reported a decrease of 10.7 percent in the volume of milk in the Chicago pool in November compared with October, 1934, and a similar decline in percentage of deliveries compared with January, 1934. The scarcity of feed and its rising cost also enter the picture. The amendment brings the country station Class 1 milk price to within 5 cents of the high point under the existing license for Chicago.

Under the amendment distributors are obliged to buy an amount of Class 2 milk, used for cream purposes, equal to 25 percent of their total Class 1 purchases from producers with established bases in the area, if such milk is tendered to them. The amendment of October 30 provided for a 35 percent rule in this respect, and the present 25 percent regulation represents a compromise between members of the Pure Milk Association and outlying dairymen who are producers of qualified cream in reserve supplies.

The amendment authorizes the market administrator to disclose, with the consent of the Secretary of Agriculture, the names of violators of the license and the nature of their violation. It also broadens the powers of the market administrator, to allow him, in addition to the right to institute legal proceedings, to compromise and settle obligations owing the administrator's accounts, upon approval by the Secretary.

A further amendment provides that the powers and duties of the milk industry board, acting under authority of the Secretary of Agriculture, may be broadened so the board may make recommendations to the Secretary that obligations under the license owing to the market administrator may be compromised and settled.

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WICHITA, KANSAS, MILK LICENSE AMENDED

The marketing of milk on a butterfat, rather than a hundredweight payment basis, and the use of a flat price instead of a formula price for Class 2 milk used for cream purposes, with increased minimum resale cream prices to correspond to the increase in Class 2 price, are the principal changes made by amendments to the existing milk license for Wichita, Kansas, completed yesterday by the Agricultural Adjustment Administration. The amended license has been signed by Secretary Wallace, and will go into effect on January 21.

The changes made in the license were requested by the market administrator and the Wichita Milk Producers Association, that the license might operate more closely in line with the needs of the market. A new Class 1 price of 60 cents a pound of butterfat is substituted in the amended license for the former price of \$2.20 a hundredweight of milk testing 3.5 percent butterfat. This represents a decrease of about 10 cents a hundredweight for Class 1 milk of 3.5 percent test. This is said to be in line with prices in adjacent markets. The actual reduction in price to producers is slight because most of their milk tests more than 3.5 percent. The butterfat method of payment had been customary in Wichita previous to the inauguration of a license.

On Class 2 milk the amendment establishes a price of 47-1/2 cents a pound of butterfat in place of a formula based on the Chicago butter market. On 3.5 percent milk basis, the Class 2 price is increased above the former formula price by about 14 cents per hundredweight, offsetting the slight decrease on Class 1 milk. Class 3 milk is retained on a Chicago butter basis in the license, except that it is shifted from a hundredweight basis to a butterfat basis.

Increases in the resale cream prices under the amendment allow approximately the same margins as has been customary in other markets where resale cream prices

are set by a license. Quarts of 25 percent cream are scheduled at a minimum price of 30 cents wholesale and 32 cents retail, with pints at 17 and 18 cents, respectively. Medium test cream is scheduled at 35 cents wholesale and 38 cents retail for quarts, and 19 cents wholesale and 20 cents retail for pints. Heavy cream of more than 30 percent butterfat carried minimum prices of 40 cents wholesale and 43 cents retail on quarts, and 21 cents wholesale and 22 cents retail on pints.

Because some new producers have taken advantage of the situation with the previous removal of the 90-day restrictive clause, it was decided on recommendation of agencies on the market to replace the same clause in the amended license. This provides that all new producers must accept the surplus milk price for their deliveries for 90 days.

The entire license has been redrafted so as to clarify its language and strengthen the meaning of the terms and provisions.

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ALAMEDA CO., CALIF., MILK LICENSE AMENDED

An amended license for the Alameda County, (Oakland,) California, milk sales area has been completed by the Agricultural Adjustment Administration and signed by Secretary of Agriculture Henry A. Wallace. The amendment becomes effective January 20. It consists primarily of a provision that any person producing and bottling raw milk on his own farm and operating no wholesale or retail milk routes will not be hereafter classed as a distributor.

The amendment treats such dairymen as producers in regard to all the milk which they bottle in this manner, with additional payment to them for bottling services, which they perform for the market. A civic ordinance provides that all raw milk sold in the area must be bottled on the farm where produced.

Another provision carried in the amendment relates to diversion of milk to country receiving stations during the flush season. Higher rates of deduction charged at country stations compared to deliveries of milk by producers to city plants has led to an unbalanced situation on the market in respect to volume of deliveries. The amendment authorizes the market administrator to determine an equitable adjustment in payments to producers who deliver milk at country stations close to their farms. As a result of the amendment, the cost to producers who deliver milk at country stations will be no greater than if they delivered it in the city.

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ALLEGED VIOLATIONS OF TWO MILK LICENSES

Proceedings have been instituted by the Agricultural Adjustment Administration against six alleged violators of the existing milk license for San Francisco, Calif. The companies involved are Liberty Dairy Co., 271 Tehama Street; Borden's Dairy Delivery Co., Inc., 1325 Petrere Avenue; United Milk Co.,

16th and Guerrero Streets; Spreckels-Russell Dairy Co., Ltd., 1405 Mission Street; Michael Dettling, doing business as Del Monte Creamery Co., 375 Petrere Avenue; and Greenbrae Dairy, Inc., 318-22 Van Ness Avenue, South.

Orders to show cause on or before January 25 why the Secretary of Agriculture should not refer the matter to the Department of Justice with a request that the Attorney-General of the United States take appropriate action, have been sent to all concerns indicated.

Charges made against all the companies include buying milk from producers at prices and under terms contrary to the license; failure to file required reports with the market administrator or to make required deductions from payments to producers in order to provide uniform market services; failure to settle outstanding obligations in the equalization fund; failure to permit the accredited representatives of the Secretary of Agriculture to examine their books and records, and failure of the companies named to file bonds to fulfill their obligations as distributors under the license.

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Proceedings have begun against two alleged violators of the existing license for the Fort Worth, Texas, milk sales area by the Agricultural Adjustment Administration. The companies involved are the Alta Vista Creamery Co., 712 Lancaster Street, Fort Worth, and Southwest Dairy Products Co., 315 South Calhoun Street, Fort Worth.

Orders to show cause on or before January 25 why the Secretary of Agriculture should not refer the matter to the Department of Justice with a request that the Attorney-General of the United States take appropriate action, have been sent to both concerns.

The charges against the companies are the same. It is stated that they have failed to pay producers for milk and cream in the manner set forth in the license; have refused to submit required reports to the market administrator or pay the balance due on the adjustment account; and that they have refused to make the required deductions from payments to producers toward mutual market services, as well as refusing to permit the accredited representatives of the Secretary of Agriculture to examine their books and records to verify statements made to producers. It is also charged that both companies have failed to file bonds as part of their obligations as responsible distributors under the license.

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RELIEF PURCHASES OF EVAPORATED AND DRY SKIM MILK

Two more types of dairy products were added to the list of foods purchased for distribution to families on relief rolls with the announcement by the Agricultural Adjustment Administration of the acceptance of bids and awarding of contracts on its first purchases of evaporated milk and dry skim milk.

A total of 37,618,800 pounds of evaporated milk will be supplied under contracts awarded on the bids of some 21 different manufacturing companies, and

a total of 3,081,250 pounds of dry skim milk on contracts awarded on bids of 7 companies.

The purchases of evaporated milk and dry skim milk, handled in a similar way to the butter and cheese purchases heretofore made by the Agricultural Adjustment Administration out of funds appropriated for this purpose, will be donated to the Federal Surplus Relief Corporation for distribution to the needy and unemployed throughout the country.

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SECRETARY WALLACE ANNOUNCES BANKHEAD COTTON QUOTA FOR 1935

Secretary Wallace has announced that the national quota under the Bankhead Cotton Act would be 10,500,000 bales of 500 pounds of lint cotton for the 1935 season.

Tax exemption certificates for that quantity of cotton will be issued upon application of cotton producers, as provided in the Act. In addition to the tax exemption certificates for 10,500,000 bales of 500 pounds that will be issued for 1935, there are certificates for approximately 700,000 bales of 478 pounds of lint cotton issued in 1934 now in the hands of producers. It is improbable that all of the certificates carried over from the 1934 season will be used in 1935.

The formal proclamation continuing the Bankhead Act into the 1935 season and the findings of the Secretary of Agriculture that two-thirds of the producers favor the tax will be submitted within a few days.

The announcement by Secretary Wallace that his investigation indicated that the quantity of cotton that should be allotted was 10,500,000 500-pound bales was made in order that cotton producers would have the opportunity to make their plans for the 1935 crop.

Secretary Wallace further announced that it would be the purpose to permit producers participating in the Agricultural Adjustment Administration program under voluntary agreements to rent to the Secretary of Agriculture up to and including 35 percent of their base acreage and receive payment therefor. In the event that cooperating producers take advantage of this privilege and a majority of those not now under contract sign a contract for 1935 which will be offered, approximately \$130,000,000 in rental and benefit payments will be disbursed in the program.

It was further announced that individual allotments under the Bankhead Act will be, as nearly as possible, for each cooperating producer that quantity of cotton equal to 65 percent of his base acreage times the average yield of the farm for the base period.

In accordance with the terms of the Bankhead Act, some exemption certificates will be available for producers on farms not previously engaged in cotton production.

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COTTON PRODUCER POOL MEMBERS GET CHECKS UNDER 12-CENT LOAN

Checks totaling \$777,282.43 were issued on January 16 to 20,054 members of the 1933 cotton producers' pool, upon application for the 2-cent advance on their participation trust certificates under the 12-cent loan plan, it is announced by Oscar Johnston, pool manager.

These are the first checks to be issued to pool members, Mr. Johnston said, since arrangements were made to apply the 12-cent loan plan to equities held by members of the pool. Additional checks will be issued, at the rate of approximately 20,000 a day, until all applications now approved are taken care of. As of January 17, the pool had applications from 224,997 members for 12-cent loans on 1,194,883 of the approximately 1,600,000 bales of cotton now held by the pool. In addition to this cotton, the pool holds futures contracts which bring its total holdings to approximately 1,620,000 bales.

Pool members already have been advanced 10 cents a pound or approximately \$50 a bale as evidenced by their participation trust certificates. When he is authorized by the pool member to do so, the pool manager borrows from the Commodity Credit Corporation an additional 2 cents a pound or \$10 a bale.

From this additional amount the pool manager deducts the carrying charge on the cotton in the pool. This carrying charge is 30 cents a bale per month from February 1, 1934, to October 1, 1934. The carrying charge on one bale of cotton to October 1, 1934, amounts to \$2.40, leaving \$7.60 a bale to be distributed to pool members who request the additional two cents a pound loan.

The pool manager estimates that applications for the additional 2 cents a pound loan will be made on approximately 1,500,000 bales, which would mean the distribution of a total of approximately \$11,400,000 to pool members.

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POOL TO CLOSE SALE OF BANKHEAD COTTON CERTIFICATES

The sale of surplus certificates by the National Surplus Cotton Tax-Exemption Certificate Pool will end at midnight February 9, 1935, the Agricultural Adjustment Administration has announced. The Pool was formed to facilitate the transfer of surplus tax-exemption certificates under the Bankhead Cotton Act.

"It is considered that by February 9 all producers should have a definite idea as to their need for additional certificates with which to secure bale tags for their 1934 cotton crops," E. L. Deal, manager of the Pool, said. "In order that work toward a final settlement of the Pool may be expedited, it is necessary that producers needing certificates purchase them not later than February 9."

November 24, 1934, was the final date on which producers with excess certificates could surrender them to the Pool for sale. Surplus certificates are sold by the Pool at the standard rate of four cents a pound, whereas the tax on the ginning of cotton in excess of Bankhead Act allotments is 5.67 cents a pound.

Following closing of the Pool, any local sales of certificates at a price other than the fixed price of 4 cents a pound will be illegal and will subject the certificates to cancellation. Local sales are legal only when made between producers within a county and the transfer recorded in the office of the County Assistant in Cotton Adjustment.

It is anticipated that all non-pooled and unused certificates will be called in at an early date for re-issuance in a new form for 1935 use.

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PROCESSING RATES ON PLUG-TWIST TOBACCOS REDUCED

Reduction of the processing tax rates upon the first domestic processing of Burley, flue-cured, fire-cured and dark air-cured tobacco used in the manufacture of plug, twist and other chewing tobacco and upon cigar-leaf tobacco used in the manufacture of scrap chewing and/or smoking tobacco has been announced by the Agricultural Adjustment Administration.

The reduced rates will become effective February 1, 1935, and are set out in regulations signed January 18 by Secretary Wallace and approved by the President.

The findings set out in the regulations are based upon evidence submitted at public hearings and upon other available facts. From this data it was found that the processing taxes at such rates as had been found by the Secretary to equal the respective differences between the current average farm price and the fair exchange value of the types named, when used for the purposes set forth, would cause such a reduction in the consumption of these types of tobacco as to result in the accumulation of surplus stocks and in the depression of the farm price and that the rates established in the new regulation would prevent such results.

The following table shows the present processing tax rates, and the new rates for each type:

Kind of Tobacco and Product	Processing Tax (Farm sales weight)	
	Present rate	New reduced rate
	Cents	Cents
Burley		
Plug and twist	4.1	2.5
Other chewing	6.1	2.5
Flue-cured		
Plug and twist	3.3	2.0
Other chewing	4.2	2.0
Fire-cured		
All chewing	2.9	2.0
Dark air-cured		
All chewing	3.3	2.0
Cigar-leaf		
Scrap chewing and/or smoking	3.0	2.0

The trend in consumption of chewing tobacco has been downward for a number of years. During the last two years, when the consumption of most other tobacco products increased, the consumption of chewing tobacco has shown little change.

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FLUE-CURED TOBACCO COMMITTEE'S SUGGESTIONS FOR PROGRAM

The Advisory Committee of flue-cured tobacco growers has recommended to the Agricultural Adjustment Administration that growers whose base acreage is three acres or less be allowed to plant their full base acreage and sell their base production without payments under the contract, it is announced by J. B. Hutson, chief of the Tobacco Section. *See Document 1.*

The Committee, also four Extension Service representatives, and ten Congressmen from flue-cured producing states, met with Mr. Hutson in Washington January 17 to discuss matters relating to the 1935 flue-cured program. At the conclusion of the conference the committee submitted the following recommendations, all of which have been taken under consideration by Tobacco Section officials:

1. That growers whose base acreage is three acres or less be allowed to plant their full base acreage and sell their base production without payments under the contract.
2. That allotments to non-contracting growers who are to receive tax-payment warrants under the Kerr-Smith Tobacco Act be made at the earliest possible date.

(The forms and instructions for these applications have been completed but will not be available for tobacco growers prior to February 1, 1935.)

That in making these allotments consideration should be given to applications by:

- (a) Former tenants who have regularly grown tobacco and who now own and operate farms.
- (b) Tobacco farmers who have lost their farms through foreclosure since 1929.
- (c) Tenants who have been compelled to move from tobacco-producing farms and who are now growing tobacco on farms for which no equitable allotment can be obtained under tobacco contracts.
- (d) Farmers who have reduced their acreage and production of tobacco since 1929 to such an extent that they can not obtain an equitable allotment under a contract.
- (e) Sons of tobacco farmers who have recently become of age and who now own or rent farms of their own.
- (f) Other tobacco growers who could not obtain an equitable allotment under tobacco contracts and whom the Committee deems to be entitled to tax-payment warrants.

Tobacco growers who could obtain an equitable allotment of tobacco acreage or production under a contract and who do not sign contracts are not eligible to receive tax-payment warrants.

3. That the provisions of the flue-cured tobacco contract and administrative rulings with respect to tenants be rigidly enforced. Paragraph 12 of the flue-cured contract, which applies to both 1934 and 1935, is as follows:

"In the event that all, or any part of, the tobacco on this farm was grown by share tenants and/or share croppers in 1933 the producer shall not reduce the number of such tenants and/or croppers so engaged in growing tobacco on this farm . . below the number so engaged in 1933 because of the reduction in the tobacco acreage and tobacco production or because of other provisions in this contract."

If this provision is violated, the contract may be cancelled. In cases of misunderstanding in 1934, the Advisory Committee recommended that County Committees be allowed to recommend in lieu of the cancellation, that a reduction be made in the producer's adjustment payment equal to the reduction in the share of the tobacco crop on the farm grown by tenants in 1934 below the share of the crop grown by tenants in 1933. In 1935 if this provision of the contract is violated, all adjustment payments could be withheld and no tax-payment warrants issued. The number of tenants will be checked on each farm prior to the making of rental payments and the issuance of tax-payment warrants. Contracting producers are permitted to change tenants without violating the provisions of the contract.

4. That the provisions in all production adjustment contracts in 1935 limiting production of basic commodities be rigidly enforced. Under the flue-cured tobacco contract, the acreage planted to other basic commodities can not be increased above that planted in 1932 or 1933.

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HIGHER MINIMUM PRICES FOR CONNECTICUT SHADE-GROWN TOBACCO

New minimum prices for the sale by contracting handlers of each grade of Connecticut Valley Shade-grown Type 61-A tobacco have been approved by Secretary Wallace, the Agricultural Adjustment Administration has announced. The Secretary has also signed an amendment to the license for handlers of this type of tobacco incorporating the new price schedule as part of the license.

The new schedule, carrying an average increase of 13 percent over the minimum prices in effect for the last season's crop, will be effective January 21, 1935. The amendment to the license is effective at the same time.

The price schedule is for sales by handlers, but prices received by handlers represent direct returns to growers because this tobacco is handled either by growers themselves or by handlers operating under joint account or on commission for the growers.

The prices in the new schedule are equivalent to farm prices 9 percent below present parity prices.

The revised schedule was submitted to the Secretary by the Control Committee created under the Marketing Agreement for the Connecticut Valley Shade-grown Tobacco Industry. The Marketing Agreement provides that the Control Committee may fix, subject to the prior approval of the Secretary, a schedule of minimum prices for the sale by contracting handlers of each grade of this tobacco.

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CORN MILLING UNDER WHEAT FLOUR MILLING CODE PROPOSED

Consolidation of the commercial dry corn milling industry as a division of the wheat flour milling industry under the wheat flour millers' code will be considered at a public hearing in Cincinnati, O., January 28, the Agricultural Adjustment Administration has announced. The notice of hearing, signed by Secretary Wallace, set the time of the hearing at 9:30 a.m., and the place as the Netherlands-Plaza hotel.

At one time a separate code for the corn milling industry had been considered, but consolidation with the wheat flour milling industry is now sought. The corn milling industry would retain autonomy under the proposed plan, as it would have a code authority separate from that administering the wheat flour milling industry.

The proposal for a separate code authority, and modification of some of the fair trade practices of the flour milling industry code as they would affect the corn milling industry, are the chief points upon which the hearing will be held. It is anticipated that new testimony, regarding the applicability of the present labor provisions of the wheat milling code to corn milling, may be introduced at the hearing.

"Commercial dry corn milling" is defined as grinding corn by the dry process for the purpose of manufacturing and sale of corn products for human consumption. These corn products include hominy grits, meal and corn flour and any combination thereof, whether flaked, ground or otherwise processed, but do not include prepared breakfast corn flakes ready for human consumption.

The application for a public hearing on the proposed consolidation was made by the American Corn Millers' Federation. It is estimated that several hundred millers would be affected by the code.

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LICENSES OF TWO NORTHWEST FRUIT SHIPPERS REVOKED

Secretary Wallace has revoked the licenses of Ira Cleveland and E. S. Small, both of Yakima, Washington, following findings of violations by them of the license for the northwest fresh deciduous tree fruits, including the selling of fruit below minimum prices, failure to make reports, failure to pay assessments, and refusing access to books and records. The revocations will become effective January 23, 1935.

The license of Ira Cleveland had previously been suspended for a six months period because of violations.

The Secretary dismissed the cases against the Western Fruit and Produce Co., and against C. C. Smith, both of Yakima, after these parties agreed, following hearings, to comply with the license. Four other cases in which hearings have been held involving charges of violating the license are still under consideration by the Secretary.

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CANNING PEACH GROWERS' LICENSE REVOKED

An order was issued by the Secretary of Agriculture, effective January 23, revoking the License of the California Canning Peach Growers, San Francisco, Cal., granted under License No. 75, for Canners of Cling Peaches Grown in the State of California, it was announced yesterday by the Agricultural Adjustment Administration

The findings of fact in this case, as developed at an administrative hearing, charged that the Canning Peach Growers violated the License in reference to seven of the ten allegations contained in the order to show cause served by the Secretary on September 20, 1934.

The allegations on which the revocation was based included failure to list all shipping posts, canning of peaches in excess of quota, delivering uninspected peaches, and securing certificates for the fruit of members and using such certificates in the canning of fruit of non-members.

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BEE AGREEMENT PRICE SCHEDULE REVISED

An amendment to the marketing agreement and license for shippers of packaged bees and queens was signed and made effective January 18 by Secretary of Agriculture Wallace.

The amendment provides a revised schedule of minimum prices under which sales to dealers may be made at a discount of 15 percent under prices to consumers. It defines the terms consumer, dealer and person, and also specifies that nuclei shall be priced the same as packaged bees.

The amendment was suggested by the control committee supervising the operation of the Bee Shippers' Marketing Agreement, and received the approval of representative shipper organizations and several organizations of buyers of packaged bees and queens.

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HEARING ON HAWAIIAN SUGAR MARKETING AGREEMENT

Notice of a hearing on a proposed marketing agreement for sugar produced in the Territory of Hawaii has been signed by Secretary Wallace. The hearing is to be held at the Federal Building in Honolulu, Hawaii, beginning at 9:30 a.m., Thursday, January 31.

Three representatives of the Agricultural Adjustment Administration will be present at the hearing. They are John E. Dalton, chief of the Sugar Section; Chauncey B. Wightman of the Sugar Section, and Eugene F. Bogan of the General Counsel's office.

The hearing follows an agreement reached in December between representatives of the Hawaiian Sugar Planters' Association and the Secretary of Agriculture upon the general principles to be adhered to in making the sugar program effective for Hawaii.

The agreement to be considered at the hearing provides for the regulation and distribution of allotments of sugar to growers and handlers in the Territory of Hawaii, to be made from the quota established for marketing of Hawaiian sugars in the continental United States and of a local consumption quota for the Territory. The 1935 quota established by the Secretary of Agriculture for receipts of sugar in the United States from Hawaii is 894,992 short tons, raw value, and the tentative estimate of local consumption for the year is 29,500 short tons, raw value. The agreement also contains clauses regarding the production adjustment program and contracts which it is anticipated will be offered to Hawaiian producers.

The proposed agreement would be administered by a control committee of nine members, eight of whom are to represent the Hawaiian sugar industry and one the Secretary of Agriculture.

Labor provisions similar to those incorporated in continental sugar beet and sugarcane contracts have been incorporated in the proposed agreement, with an additional clause providing for regulation of working hours. The agreement would give the Secretary of Agriculture access to the books and records of those signatory to the agreement.

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